

Fourth Quarter Fiscal 2026 Earnings Presentation

November 12, 2026

Applied Materials External

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Forward-Looking Statements

This presentation contains forward-looking statements, including those regarding anticipated growth and trends in our businesses and markets, industry outlooks and demand drivers, technology transitions, our business and financial performance and market share positions, our capital allocation and cash deployment strategies, our investment and growth strategies, our development of new products and technologies, the plans and expectations for the EPIC Center, legal matters, our business outlook for the first quarter of fiscal 2027 and beyond, and other statements that are not historical facts. These statements and their underlying assumptions are subject to risks and uncertainties and are not guarantees of future performance.

Factors that could cause actual results to differ materially from those expressed or implied by such statements include, without limitation: the level of demand for our products; demand for semiconductor chips and electronic devices, including demand related to the development and use of AI technologies; our ability to meet customer demand, and our suppliers' ability to meet our demand requirements; global economic, political and industry conditions, including changes in interest rates and prices for goods and services; global trade issues, changes in trade and export regulations, license requirements, and their interpretation, and our ability to obtain licenses or authorizations on a timely basis, if at all; changes in tariffs, any retaliatory measures, and our ability to mitigate the impact of tariffs; the effects of geopolitical turmoil or conflicts; customers' technology and capacity requirements; the introduction of new and innovative technologies, and the timing of technology transitions; our ability to develop, deliver and support new products and technologies; the concentrated nature of our customer base; our ability to expand our current markets, increase market share and develop new markets; market acceptance of existing and newly developed products; our ability to obtain and protect intellectual property rights in key technologies; cybersecurity incidents affecting us or our suppliers, customers or vendors; our ability to achieve the objectives of operational and strategic initiatives, align our resources and cost structure with business conditions, and attract, motivate and retain key employees; acquisitions, investments and divestitures; changes in income tax laws; the variability of operating expenses and results among products and segments, and our ability to accurately forecast future results, market conditions, customer requirements and business needs; our ability to ensure compliance with applicable law, rules and regulations; and other risks and uncertainties described in our filings with the Securities and Exchange Commission, including our most recent Forms 10-K, 10-Q and 8-K. All forward-looking statements are based on management's current estimates, projections and assumptions, and we assume no obligation to update them.

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Gary Dickerson

President and Chief Executive Officer



FISCAL YEAR 2026

RECORD

REVENUE

$34.4B

↑21% YoY

RECORD

NON-GAAP
EARNINGS PER SHARE*

$12.89

↑37% YoY

NON-GAAP
GROSS MARGIN*

50.1%

↑130 bps YoY

Seventh Consecutive Year of Growth

* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations page at ir.appliedmaterials.com

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2026 REVIEW

- FY'26: Revenue >21% growth
  - » Grew earnings nearly twice as fast, demonstrating operating leverage
- CY'26: Expect Semi Systems revenue up >40%
- CY'26: Outperformance driven by leadership in most enabling, highest-value technologies for AI computing:
  - » Leading-edge foundry-logic and DRAM: a bigger addressable market and share gains at each new node
  - » Advanced Packaging: Expect ~90% growth
  - » Inspection and metrology: Expect >50% growth

CY'26 refers to FQ2'26-FQ1'27. FQ1'27 will be a 14-week quarter

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2027 MARKET OUTLOOK

- Demand for advanced chips much higher than supply, requiring multi-year investments in new fab capacity
- 2027: Expect WFE to grow >30%, and Applied in strong position to outperform market again
- Rate of industry growth depends how quickly end-to-end semiconductor ecosystem can scale, from cleanroom construction to components and materials
- Applied taking action to support customer ramps:
  - » Largest customers giving 8-quarter forecasts and earlier orders
  - » Aligned with 250+ supplier executives on capacity ramp plans

The Most Enabling Portfolio for AI Compute



The Key Building Blocks of AI Hardware

Leading-edge Foundry-logic
Transistors and On-chip Wiring

High-speed Memory
DRAM and HBM

Advanced Packaging
Chip-to-chip wiring

- In an AI data center, ~60% of capital cost is silicon
- >85% of silicon content is leading-edge foundry-logic, DRAM, and advanced packaging
- These three areas expected to drive ~75% of WFE growth through 2030
- Applied built a leadership portfolio that is positioned to drive outperformance in 2027 and beyond

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INVESTOR BREAKFAST 2026

OPPORTUNITIES

AI fueling new growth era for wafer fab equipment

AI roadmap driven by advances in leading-edge foundry-logic, DRAM and advanced packaging – where Applied is #1 in process equipment

Concurrent races for AI technology leadership and incremental fab capacity expand Applied's addressable opportunities in systems and services

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APPLIED'S ADVANTAGES

Materials Innovation:
Most comprehensive and enabling technology portfolio for AI compute innovation

Integration Innovation:
Co-optimized and integrated solutions

Yield Innovation:
Highest-resolution imaging + most enabling and connected services

All accelerated by EPIC co-innovation platform

=

VALUE CREATION

Applied's Systems and Services 'designed in' earlier as we enable major technology inflections

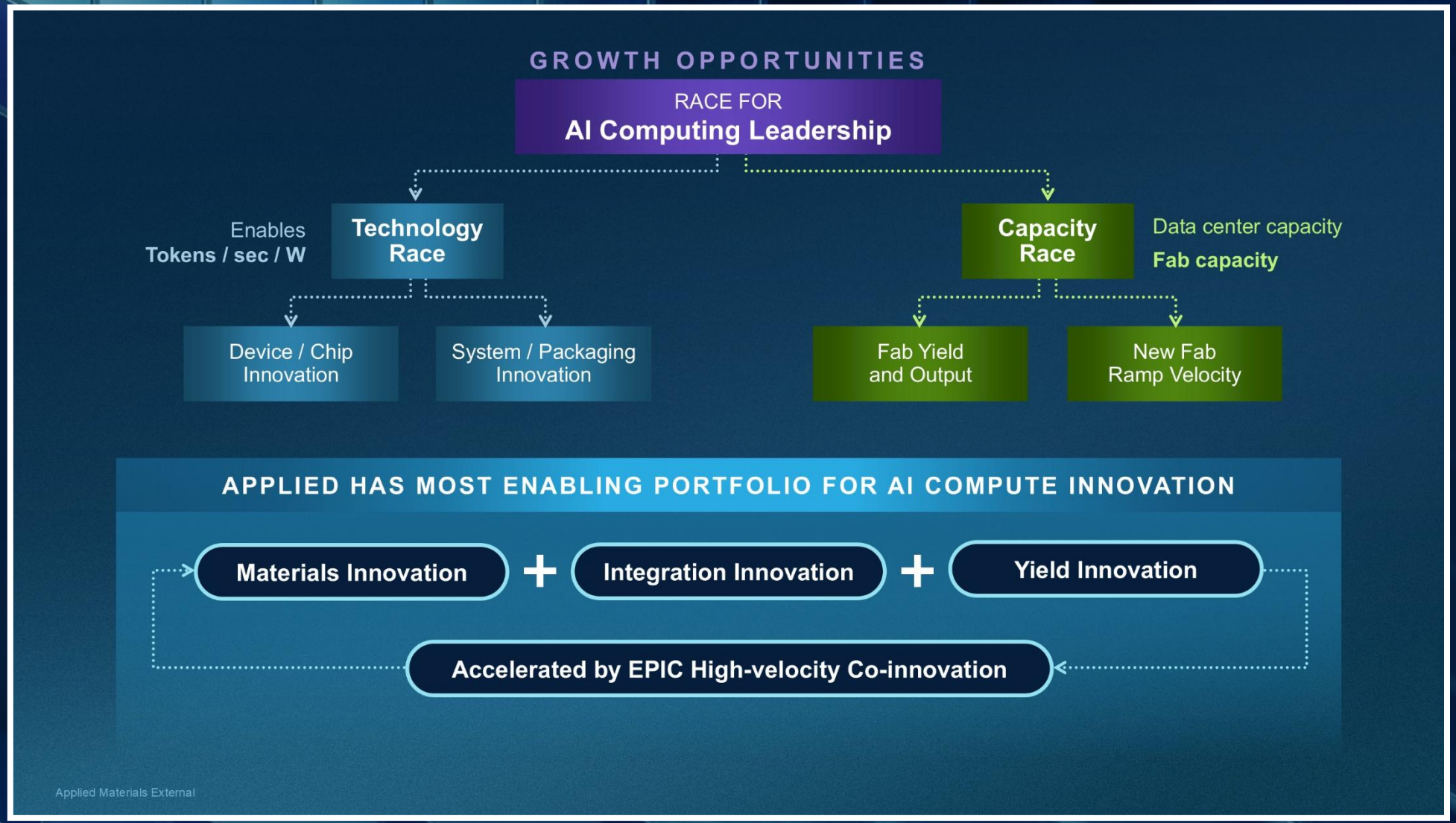
CY'25 to CY'30…

>2ppts	Wafer Fab Equipment Share
+20%	Service Revenue per Tool
+5ppts	Gross Margin
+10ppts	Operating Margin

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INVESTOR BREAKFAST 2026



INVESTOR BREAKFAST 2026

Industry's Most Comprehensive and Connected Portfolio

WFE MARKET	% OF TOTAL WFE*	TECHNOLOGY		
Deposition	23%	ALD	✓	~2.5x nearest competitor
		CVD	#1	
		ECD	✓	
		Epitaxy	#1	
		PVD	#1	
Etch	19%	Conductor Etch	✓	Leader in conductor etch for advanced foundry-logic and DRAM
		Dielectric Etch	✓	
Materials Modification and Treatments	15%	Cleans	partner	>2x nearest competitor**
		CMP	#1	
		Implant	#1	
		Thermal	#1	
Metrology and Inspection	15%	eBeam	#1	~2x nearest competitor in eBeam (highest resolution imaging)
		Optical	✓	
Lithography	29%	Lithography	✓ packaging	
		Track		

Enables Us to See and Address Most Valuable Opportunities on Roadmap

* Based on 2026 Estimates and TechInsights WFE Subcategories Definitions. ** Does not include revenue from partnership agreements

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INVESTOR BREAKFAST 2026

Creating Most-enabling Solutions for AI Compute

INDUSTRY-LEADING CAPABILITIES

MATERIALS INNOVATION:

» Concurrent co-development of next-generation technologies spanning deposition + etch + materials modification and treatments + metrology and inspection

INTEGRATION INNOVATION:

» World-class device integration + device simulation and modeling teams (formed 2017)

» Materials labs, process and equipment labs, full-flow FEOL and advanced packaging labs – connected through EPIC platform

YIELD INNOVATION:

» Highest-resolution eBeam imaging

» AI-enabled services (AI^x)

UNIQUE SOLUTIONS

Unit Process Solutions



Co-optimized Solutions



Integrated Solutions (IMS)



IMS with Partners



FEOL = Front End of Line

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INVESTOR BREAKFAST 2026

EPIC High-velocity Co-innovation



VALUE TO EPIC PARTNERS

- First-to-market with next-generation technology
- Fastest ramp to high yield and output

- Earlier access to R&D pipeline and next-generation equipment
- Faster cycles of learning
- More mature solutions ready for fab
- Maximized resource utilization and ROI

- Co-location of best innovators working side-by-side
- Co-development from Materials to Systems
- Concurrent development from concept to commercialization without slow, serial hand-offs

VALUE TO APPLIED

Designed in earlier on new chip and packaging architecture inflections, resulting in higher-value products and stickier service relationships

Visibility across several generations of customer roadmaps at once, to accurately guide Applied's R&D investments and resource allocation

Increased R&D productivity and value sharing

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EPIC CENTER



15 ANNOUNCED EPIC ENGAGEMENTS

FOUNDING PARTNERS

- Micron
- Samsung
- SK hynix
- TSMC
- **Intel**

INNOVATION PARTNERS

- Advantest
- Broadcom
- SCREEN
- **KIOXIA**
- **Besi**

RESEARCH PARTNERS

- ASU
- RPI
- Stanford
- UC Berkeley
- **UCLA**

New this quarter

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CEO SUMMARY

AI driving multi-year expansion in chip demand; Applied positioned to lead and outperform

- FY'26: Record year for Applied
- CY'26: On track to grow Semi Systems revenue >40%
  - » Outperforming market due to strong positions in most important areas for AI computing and fastest growing parts of WFE
- 2027: Expect another strong year for industry, and Applied expects to outperform market and make significant progress toward long-term targets

CY'26 refers to FQ2'26-FQ1'27. FQ1'27 will be a 14-week quarter.

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Brice Hill

SVP, Chief Financial Officer



CFO
OVERVIEW

- Third consecutive quarter of double-digit QoQ and YoY growth in revenue, operating profit and non-GAAP earnings per share
- 14 consecutive quarters of YoY gross margin expansion, demonstrating value of highly enabling product and services portfolio
- Expect to outperform in CY'26 with strong growth in leading-edge foundry-logic, DRAM and advanced packaging, where we've been investing to lead

CY'26 refers to FQ2'26-FQ1'27. FQ1'27 will be a 14-week quarter.

Demand Environment: AI-Driven Tailwinds

- Cloud capex expected to grow >50% in 2027 to well over $1 trillion
- AI token usage surging
- Broader range of AI models enabling more applications and positive economics for providers and early adopters like Applied

Applied as an AI Case Study

- AI now core part of everyday work at Applied
- >80% of employees use AI tools
- All software developers using AI – average productivity gain of >40%
- Monthly token volume up >50x this year; expect substantial increase next year

AI and Silicon Demand

- AI driving strong, incremental growth in wafer demand
- Leading-edge foundry-logic and DRAM fabs running at full utilization, NAND not far behind; ICAPS now healthy

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Scaling for Growth

- Expanding supply chain capacity to increase systems output
- Raised demand forecasts to suppliers every quarter this year
- Preparing for another year of strong growth

- Cleanroom capacity remains gating factor on how much equipment the industry can consume
- Tracking >20 fab ramps and line expansions in 2027
- Built new teams and AI^{x} technologies to help customers accelerate ramps and maximize output and yields

- Added >10 major fab and expansion projects to fab tracker for third quarter in a row; many not online until 2029 and 2030
- Investing to be able to double our systems output from Q4'26 levels by FY'28 and more than double manufacturing and lab capacity by 2030

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FY2026 Non-GAAP Financial Results

$M, except EPS	FY'25	FY'26	YoY
Revenue	28,368	34,446	21%
Gross Margin*	48.8%	50.1%	130bps
Operating Expenses*	5,273	5,840	11%
Operating Margin*	30.2%	33.1%	290bps
OIE*[1]	140	158	13%
Tax Rate*	12.6%	11.0%	-160bps
Net Income*	7,607	10,301	35%
EPS*	$9.42	$12.89	37%

* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at ir.appliedmaterials.com
1 Other Income/Expense (OIE) = interest expense and interest and other income (expense), net

FQ4’26 Non-GAAP Financial Results

$M, except EPS	FQ4’25	FQ3’26	FQ4’26	YoY	QoQ
Revenue	6,800	9,115	10,409	53%	14%
Gross Margin*	48.1%	50.4%	50.6%	250bps	20bps
Operating Expenses*	1,325	1,501	1,587	20%	6%
Operating Margin*	28.6%	34.0%	35.3%	670bps	130bps
OIE*[1]	33	45	54	64%	20%
Tax Rate*	12.5%	11.0%	11.0%	-150bps	–
Net Income*	1,732	2,795	3,321	92%	19%
EPS*	$2.17	$3.50	$4.16	92%	19%

YEAR-OVER-YEAR HIGHLIGHTS:

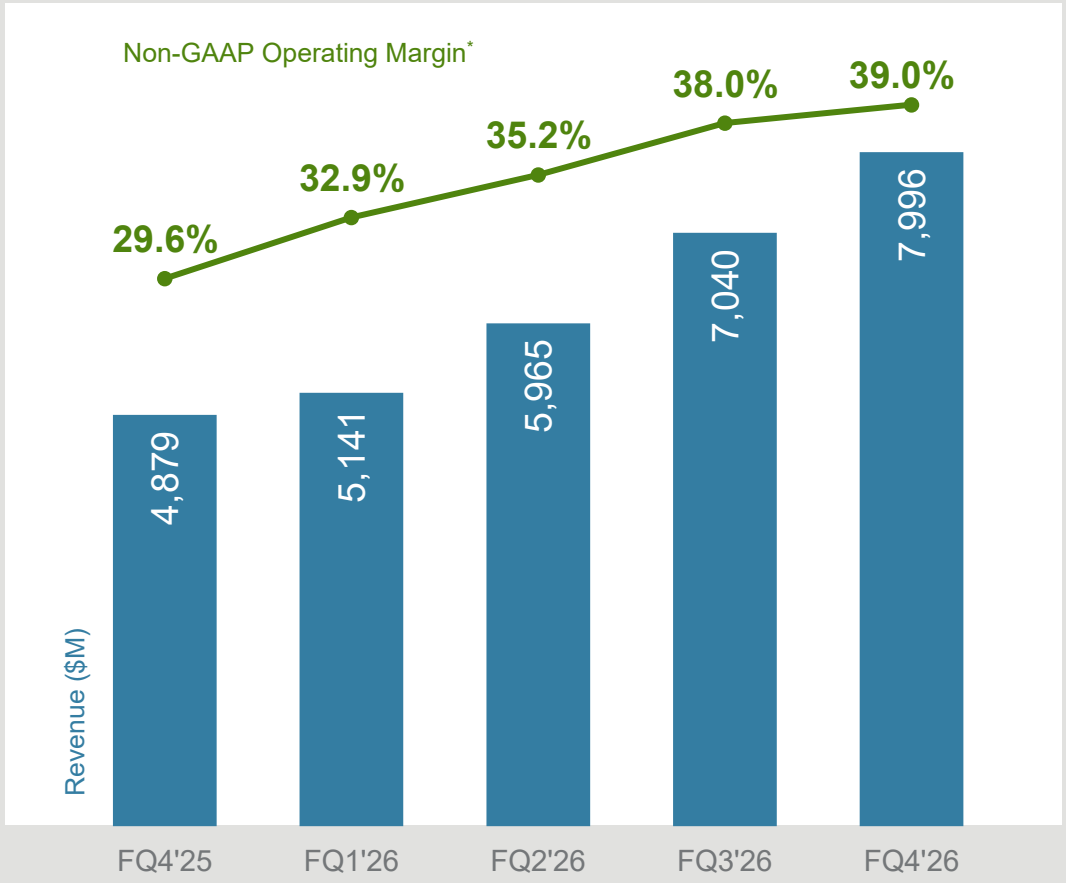
- Record revenue, operating margin and Non-GAAP EPS
- Semi Systems record revenue, +64% YoY
  - » Record Korea and Taiwan revenue
  - » Record DRAM and advanced packaging revenue
  - » Record deposition, etch, CMP and process control revenue
- AGS record revenue, +26% YoY
- Gross margin +250bps YoY to 50.6%
  - » Favorable mix and higher pricing
- Opex as % of revenue declined 430bps YoY to 15.2%

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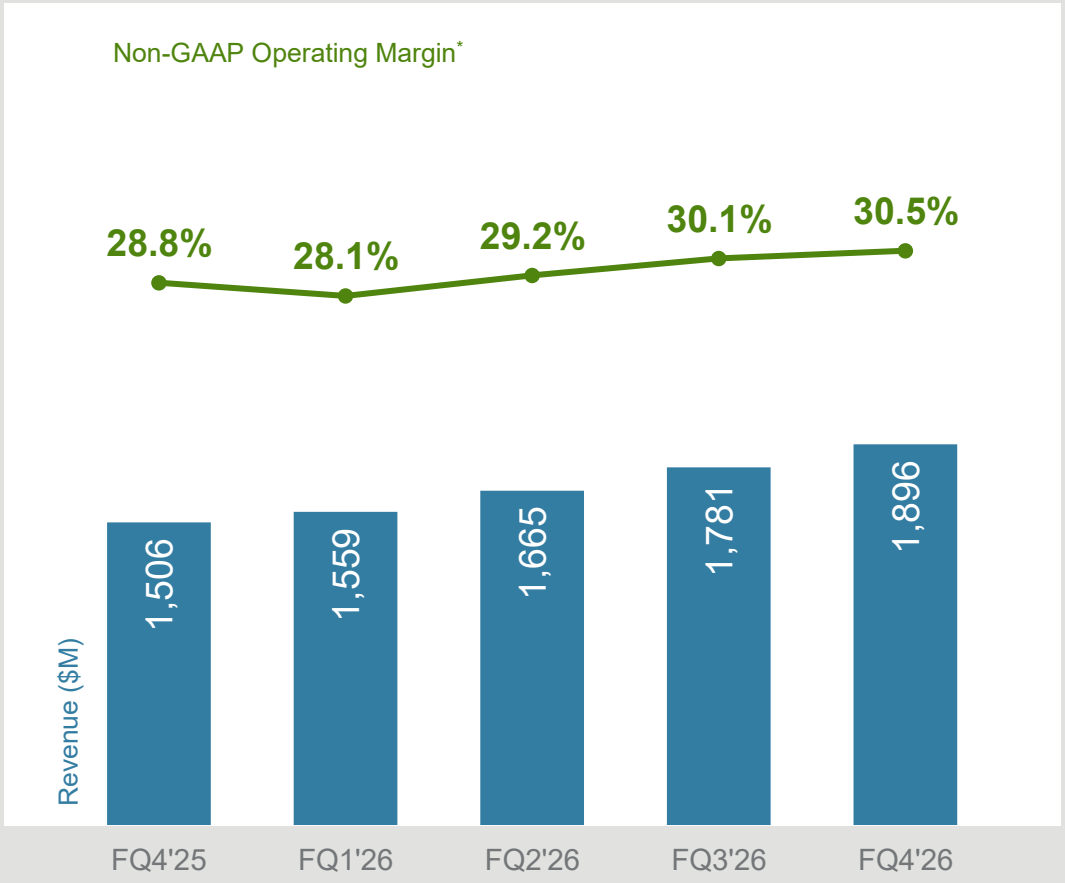
Effective in the first quarter of fiscal 2026, management moved our 200-millimeter equipment business to Semiconductor Systems. The business was previously included in Applied Global Services. Additionally, effective in the first quarter of fiscal 2026, management began fully allocating corporate support costs to our operating segments. Prior-period numbers have been recast to conform to the current-year presentation.

FQ4’26 Segment Results

SEMICONDUCTOR SYSTEMS



APPLIED GLOBAL SERVICES



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Cash Flows and Shareholder Distributions

CASH FLOWS ($M)	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26	FY'26
Operating Cash Flow	2,828	1,686	845	3,037	3,300	8,868
Free Cash Flow*	2,043	1,040	210	2,330	2,616	6,196
SHAREHOLDER DISTRIBUTIONS ($M)						
Total Shareholder Distributions	(1,216)	(702)	(765)	(860)	(2,421)	(4,748)
Share Repurchases	(851)	(337)	(400)	(440)	(2,000)	(3,177)
Dividends	(365)	(365)	(365)	(420)	(421)	(1,571)

Committed to Distribute 80-100% of FCF to Shareholders Over Time

$10.8B remaining on share repurchase authorization at end of FQ4'26
* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at ir.appliedmaterials.com

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Business Outlook

First QUARTER
FISCAL 2027

OUTLOOK*	Total Revenue	~$11.1B ± $500M
	Non-GAAP EPS*	~$4.35 ± $0.20
REVENUE	Semiconductor Systems	~$8.7B
	Applied Global Services	~$2.0B
	Other	~$400M
OTHER	Non-GAAP Gross Margin*	~50.8%
	Non-GAAP Operating Expenses*	~$1.7B
	Non-GAAP Tax Rate*	~13%

* For reconciliation of GAAP to non-GAAP results, see appendix of this presentation and non-GAAP reconciliation on the investor relations website at ir.appliedmaterials.com
FQ1'27 will be a 14-week quarter.

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CFO SUMMARY

- AI continues to add fast-growing, incremental layer of demand to industry
- Applied's highly enabling portfolio and technology leadership in most critical markets driving strong revenue growth and gross margin expansion
- Delivering operating leverage, strong cash flow and shareholder distributions, including largest quarterly share buyback in over 8 years
- Customers providing longer visibility; expect strong, record year in 2027
- Making substantial investments to be able to ramp to higher levels of demand beyond next year
- High confidence in our strategy and progress toward CY30 targets for share gains, gross margin expansion and operating leverage

Q&A

Segment Financial Table

In Millions, Except Percentages	RECAST FY24	RECAST FQ1'25	RECAST FQ2'25	RECAST FQ3'25	RECAST FQ4'25
SEMICONDUCTOR SYSTEMS					
Revenue	$ 21,014	$ 5,597	$ 5,401	$ 5,564	$ 4,879
Foundry, logic and other	70%	69%	66%	69%	66%
DRAM	26%	27%	27%	22%	28%
Flash memory	4%	4%	7%	9%	6%
Operating income	$ 6,674	$ 1,872	$ 1,770	$ 1,837	$ 1,430
Operating margin	31.8%	33.4%	32.8%	33.0%	29.3%
Non-GAAP results					
Non-GAAP operating income	$ 6,723	$ 1,886	$ 1,781	$ 1,849	$ 1,442
Non-GAAP operating margin	32.0%	33.7%	33.0%	33.2%	29.6%
APPLIED GLOBAL SERVICES					
Revenue	$ 5,122	$ 1,353	$ 1,420	$ 1,463	$ 1,506
Operating income	$ 1,328	$ 336	$ 378	$ 400	$ 433
Operating margin	25.9%	24.8%	26.6%	27.3%	28.8%
Non-GAAP results					
Non-GAAP operating income	$ 1,330	$ 337	$ 378	$ 400	$ 434
Non-GAAP operating margin	26.0%	24.9%	26.6%	27.3%	28.8%
OTHER					
Revenue	$ 1,040	$ 216	$ 279	$ 275	$ 415
Operating income (loss)	$ (135)	$ (33)	$ 21	$ (4)	$ (151)

In Millions, Except Percentages	PREVIOUSLY REPORTED FY24	PREVIOUSLY REPORTED FQ1'25	PREVIOUSLY REPORTED FQ2'25	PREVIOUSLY REPORTED FQ3'25	PREVIOUSLY REPORTED FQ4'25
SEMICONDUCTOR SYSTEMS					
Revenue	$ 19,911	$ 5,356	$ 5,255	$ 5,427	$ 4,760
Foundry, logic and other	68%	68%	65%	69%	65%
DRAM	28%	28%	27%	22%	29%
Flash memory	4%	4%	8%	9%	6%
Operating income	$ 6,981	$ 1,986	$ 1,900	$ 1,966	$ 1,527
Operating margin	35.1%	37.1%	36.2%	36.2%	32.1%
Non-GAAP results					
Non-GAAP operating income	$ 7,021	$ 1,998	$ 1,911	$ 1,977	$ 1,538
Non-GAAP operating margin	35.3%	37.3%	36.4%	36.4%	32.3%
APPLIED GLOBAL SERVICES					
Revenue	$ 6,225	$ 1,594	$ 1,566	$ 1,600	$ 1,625
Operating income	$ 1,812	$ 447	$ 446	$ 445	$ 454
Operating margin	29.1%	28.0%	28.5%	27.8%	27.9%
Non-GAAP results					
Non-GAAP operating income	$ 1,812	$ 447	$ 446	$ 445	$ 454
Non-GAAP operating margin	29.1%	28.0%	28.5%	27.8%	27.9%
CORPORATE AND OTHER					
Revenue	$ 1,040	$ 216	$ 279	$ 275	$ 415
Operating income (loss)	$ (926)	$ (258)	$ (177)	$ (178)	$ (269)

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APPLIED MATERIALS

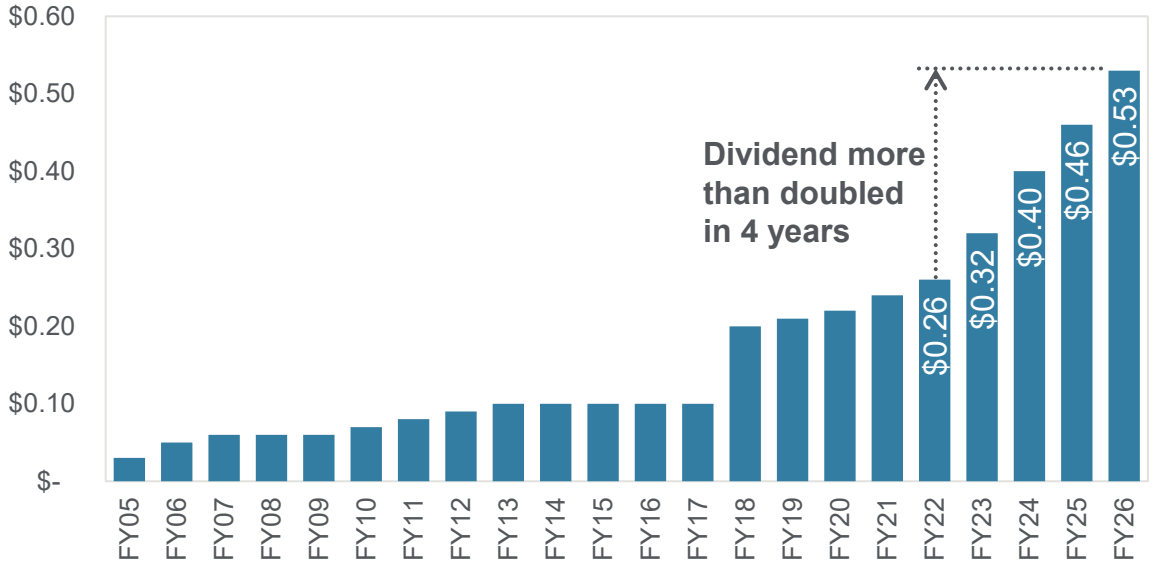
Capital Allocation Strategy

1. **Invest in R&D and infrastructure** to enable profitable growth
2. **Grow dividend per share and use buybacks** to distribute excess FCF

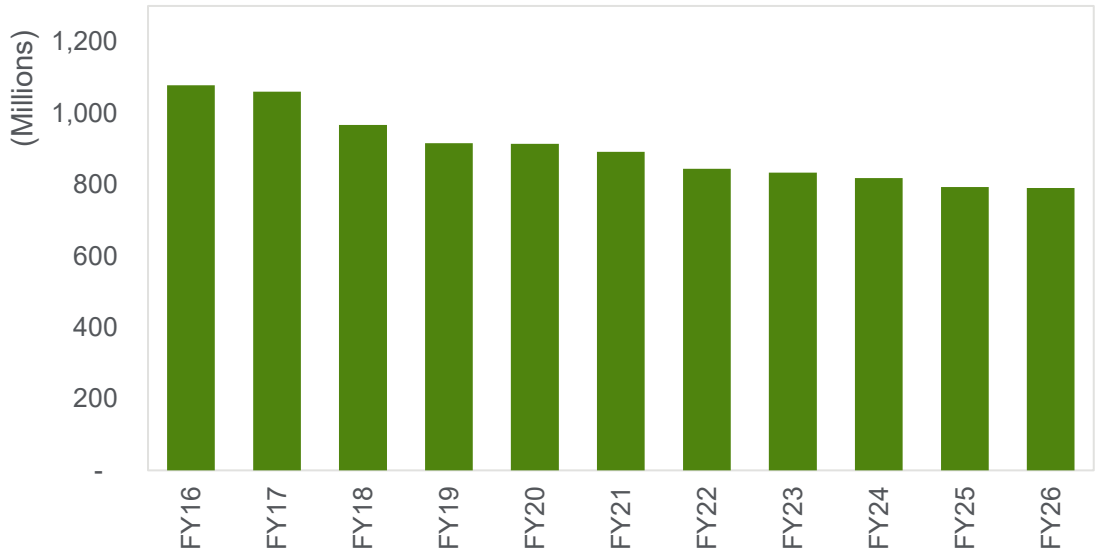
OVER PAST 10 FISCAL YEARS (through FY26)

- Reinvested >$27B in R&D and >$10B in capital additions
- Distributed 87% of FCF*
- Grew dividend per share at 18% CAGR
- Reduced shares outstanding by ~27%

Quarterly Dividend per Share



Shares Outstanding at FY End



Committed to Distribute 80-100% of FCF to Shareholders Over Time

$10.8B remaining on share repurchase authorization at end of FQ4'26

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Strong Investment-Grade Balance Sheet

CASH AND INVESTMENTS ($M)	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Cash and Cash Equivalents	7,241	7,218	6,301	7,037	7,239
Short-Term Investments	1,332	1,293	1,940	2,196	2,100
Long-Term Investments	4,327	4,968	5,142	5,268	4,756
Total Cash and Investments	**12,900**	**13,479**	**13,383**	**14,501**	**14,095**
DEBT ($M)					
Short-Term Debt* Current ratings (Moody's / S&P): P-1 / A-1	100	100	1,199	1,299	1,299
Long-Term Debt Current ratings (Moody's / S&P): A2 / A	6,455	6,453	5,256	5,245	5,233
Total Debt	**6,555**	**6,553**	**6,455**	**6,544**	**6,532**

* Includes commercial paper and current portion of long-term debt

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NET ZERO 2040 PLAYBOOK™

Link: 2025 Impact Report

LATEST 3rd PARTY ESG RATINGS

CDP Climate	**B**
CDP Water	**A-**
MSCI	**AAA**
Sustainalytics Risk Rating	**Low**
ISS (E/S/G)	**1/3/1**

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Additional Resources

Investor Relations Home Page	LINK
Newsroom	LINK
2026: Investor Breakfast Presentation	LINK
2026: DRAM and Advanced Packaging Master Class	LINK
2026: Logic Master Class	LINK



Appendix
GAAP to Non-GAAP Reconciliations

Use of Non-GAAP Financial Measures

Applied provides investors with certain non-GAAP financial measures, which are adjusted for the impact of certain costs, expenses, gains and losses, including, as applicable, certain items related to mergers and acquisitions; restructuring and severance charges and any associated adjustments; legal settlement charges; impairments of assets; gain or loss, dividends and impairments on strategic investments; certain income tax items; and other discrete adjustments. On a non-GAAP basis, the tax effect related to share-based compensation is recognized ratably over the fiscal year. Reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are provided in the appendix to this presentation and on Applied's website, ir.appliedmaterials.com.

Management uses these non-GAAP financial measures to evaluate the company's operating and financial performance and for planning purposes, and as performance measures in its executive compensation program. Applied believes these measures enhance an overall understanding of its performance and investors' ability to review the company's business from the same perspective as the company's management, and facilitate comparisons of this period's results with prior periods on a consistent basis by excluding items that management does not believe are indicative of Applied's ongoing operating performance. There are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with generally accepted accounting principles, may be different from non-GAAP financial measures used by other companies, and may exclude certain items that may have a material impact upon our reported financial results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP.

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PERCENTAGES	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Non-GAAP Gross Profit					
GAAP reported gross profit	$ 3,265	$ 3,435	$ 3,947	$ 4,586	$ 5,251
Certain items associated with acquisitions [1]	7	7	6	11	12
Non-GAAP gross profit	$ 3,272	$ 3,442	$ 3,953	$ 4,597	$ 5,263
Non-GAAP gross margin	48.1 %	49.1 %	50.0 %	50.4 %	50.6 %
Non-GAAP Operating Income					
GAAP reported operating income	$ 1,712	$ 1,831	$ 2,523	$ 3,075	$ 3,658
Certain items associated with acquisitions[1]	11	11	10	16	14
Acquisition integration and deal costs	2	—	3	5	8
Impairment of goodwill	41	—	—	—	—
Legal settlement[2]	—	253	—	—	—
Restructuring charges[3]	181	12	—	—	(4)
Non-GAAP operating income	$ 1,947	$ 2,107	$ 2,536	$ 3,096	$ 3,676
Non-GAAP operating margin	28.6 %	30.0 %	32.1 %	34.0 %	35.3 %
Non-GAAP Net Income					
GAAP reported net income	$ 1,897	$ 2,026	$ 2,806	$ 2,538	$ 2,718
Certain items associated with acquisitions[1]	11	11	10	16	14
Acquisition integration and deal costs	2	—	3	5	8
Impairment of goodwill	41	—	—	—	—
Legal settlement[2]	—	253	—	—	—
Restructuring charges[3]	181	12	—	—	(4)
Realized loss (gain), dividends and impairments on strategic investments, net	(55)	14	15	(7)	(18)
Unrealized loss (gain) on strategic investments, net	(467)	(484)	(685)	220	653
Income tax effect of share-based compensation[4]	(1)	(21)	7	10	4
Income tax effect related to intra-entity intangible asset transfers	39	31	32	33	49
Resolution of prior years' income tax filings and other tax items	(7)	40	9	(46)	(27)
Income tax effect of non-GAAP adjustments[5]	91	17	89	26	(76)
Non-GAAP net income	$ 1,732	$ 1,899	$ 2,286	$ 2,795	$ 3,321

FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.
4. GAAP basis tax benefit related to share-based compensation is recognized ratably over the fiscal year on a non-GAAP basis.
5. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

APPLIED MATERIALS

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Non-GAAP Earnings Per Diluted Share					
GAAP reported earnings per diluted share	$ 2.38	$ 2.54	$ 3.51	$ 3.17	$ 3.40
Certain items associated with acquisitions	0.01	0.01	0.01	0.02	0.02
Acquisition integration and deal costs	—	—	—	0.01	0.01
Impairment of goodwill	0.05	—	—	—	—
Legal settlement	—	0.32	—	—	—
Restructuring charges	0.19	0.02	—	—	—
Realized loss (gain), dividends and impairments on strategic investments, net	(0.07)	0.01	0.08	(0.01)	0.02
Unrealized loss (gain) on strategic investments, net	(0.43)	(0.58)	(0.80)	0.31	0.68
Income tax effect of share-based compensation	—	(0.03)	0.01	0.02	—
Income tax effects related to intra-entity intangible asset transfers	0.05	0.04	0.04	0.04	0.06
Resolution of prior years' income tax filings and other tax items	(0.01)	0.05	0.01	(0.06)	(0.03)
Non-GAAP earnings per diluted share	$ 2.17	$ 2.38	$ 2.86	$ 3.50	$ 4.16
Weighted average number of diluted shares	798	799	799	800	798

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP SEGMENT OPERATING RESULTS

IN MILLIONS, EXCEPT PERCENTAGES	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Semiconductor Systems Non-GAAP Gross Profit					
GAAP reported gross profit	$ 2,569	$ 2,794	$ 3,264	$ 3,892	$ 4,400
Certain items associated with acquisitions[1]	7	7	6	11	12
Non-GAAP gross profit	$ 2,576	$ 2,801	$ 3,270	$ 3,903	$ 4,412
Non-GAAP gross margin	52.8 %	54.5 %	54.8 %	55.4 %	55.2 %
AGS Non-GAAP Gross Profit					
GAAP reported gross profit	$ 514	$ 537	$ 577	$ 634	$ 665
Non-GAAP gross profit	$ 514	$ 537	$ 577	$ 634	$ 665
Non-GAAP gross margin	34.1 %	34.4 %	34.7 %	35.6 %	35.1 %
Semiconductor Systems Non-GAAP Operating Income					
GAAP reported operating income	$ 1,430	$ 1,427	$ 2,092	$ 2,657	$ 3,101
Certain items associated with acquisitions[1]	11	11	10	16	14
Acquisition integration and deal costs	1	—	—	—	—
Legal settlement[2]	—	253	—	—	—
Non-GAAP operating income	$ 1,442	$ 1,691	$ 2,102	$ 2,673	$ 3,115
Non-GAAP operating margin	29.6 %	32.9 %	35.2 %	38.0 %	39.0 %
AGS Non-GAAP Operating Income					
GAAP reported operating income	$ 433	$ 438	$ 487	$ 536	$ 578
Acquisition integration and deal costs	1	—	—	—	—
Non-GAAP operating income	$ 434	$ 438	$ 487	$ 536	$ 578
Non-GAAP operating margin	28.8 %	28.1 %	29.2 %	30.1 %	30.5 %

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.

NOTE:

The reconciliation of GAAP and non-GAAP segment results above does not include certain revenues, costs of products sold and operating expenses that are reported within other and included in consolidated operating income.

APPLIED MATERIALS

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Non-GAAP Operating Expenses					
GAAP reported operating expenses	$ 1,553	$ 1,604	$ 1,424	$ 1,511	$ 1,593
Certain items associated with acquisitions[1]	(4)	(4)	(4)	(5)	(2)
Acquisition integration and deal costs	(2)	—	(3)	(5)	(8)
Impairment of goodwill	(41)	—	—	—	—
Legal settlement[2]	—	(253)	—	—	—
Restructuring charges[3]	(181)	(12)	—	—	4
Non-GAAP operating expenses	$ 1,325	$ 1,335	$ 1,417	$ 1,501	$ 1,587

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.

UNAUDITED QUARTERLY RECONCILIATION OF GAAP INTEREST EXPENSE AND INTEREST AND OTHER INCOME (EXPENSE), NET TO NON-GAAP OTHER INCOME/EXPENSE (OIE)

IN MILLIONS	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Non-GAAP Other Income/Expense (OIE)					
GAAP reported interest expense and interest and other income (expense), net	$ 555	$ 497	$ 702	$ (168)	$ (581)
Realized loss (gain), dividends and impairments on strategic investments, net	(55)	14	15	(7)	(18)
Unrealized loss (gain) on strategic investments, net	(467)	(484)	(685)	220	653
Non-GAAP other income/expense (OIE)	$ 33	$ 27	$ 32	$ 45	$ 54

UNAUDITED QUARTERLY RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE INCOME TAX RATE

IN MILLIONS, EXCEPT PERCENTAGES	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
GAAP provision for income taxes *(a)*	$ 370	$ 302	$ 419	$ 369	$ 359
Income tax effect of share-based compensation	1	21	(7)	(10)	(4)
Income tax effects related to intra-entity intangible asset transfers	(39)	(31)	(32)	(33)	(49)
Resolution of prior years' income tax filings and other tax items	7	(40)	(9)	46	27
Income tax effect of non-GAAP adjustments	(91)	(17)	(89)	(26)	76
Non-GAAP provision for income taxes *(b)*	$ 248	$ 235	$ 282	$ 346	$ 409
GAAP income before income taxes *(c)*	$ 2,267	$ 2,328	$ 3,225	$ 2,907	$ 3,077
Certain items associated with acquisitions	11	11	10	16	14
Acquisition integration and deal costs	2	—	3	5	8
Impairment of goodwill	41	—	—	—	—
Legal settlement	—	253	—	—	—
Restructuring charges	181	12	—	—	(4)
Realized loss (gain), dividends and impairments on strategic investments, net	(55)	14	15	(7)	(18)
Unrealized loss (gain) on strategic investments, net	(467)	(484)	(685)	220	653
Non-GAAP income before income taxes *(d)*	$ 1,980	$ 2,134	$ 2,568	$ 3,141	$ 3,730
GAAP effective income tax rate *(a/c)*	16.3%	13.0%	13.0%	12.7%	11.7%
Non-GAAP effective income tax rate *(b/d)*	12.5%	11.0%	11.0%	11.0%	11.0%

UNAUDITED QUARTERLY RECONCILIATION OF NON-GAAP FREE CASH FLOW

IN MILLIONS	FQ4'25	FQ1'26	FQ2'26	FQ3'26	FQ4'26
Non-GAAP Free Cash Flows[1]					
Cash provided by operating activities	$ 2,828	$ 1,686	$ 845	$ 3,037	$ 3,300
Capital expenditures	(785)	(646)	(635)	(707)	(684)
Non-GAAP free cash flow	$ 2,043	$ 1,040	$ 210	$ 2,330	$ 2,616

FOOTNOTE:

1. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less capital expenditures.

UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PERCENTAGES	FY2025	FY2026
Non-GAAP Gross Profit		
GAAP reported gross profit	$ 13,808	$ 17,219
Certain items associated with acquisitions [1]	27	36
Non-GAAP gross profit	$ 13,835	$ 17,255
Non-GAAP gross margin	48.8 %	50.1 %
Non-GAAP Operating Income		
GAAP reported operating income	$ 8,289	$ 11,087
Certain items associated with acquisitions[1]	45	51
Acquisition integration and deal costs	6	16
Impairment of goodwill	41	—
Legal settlement[2]	—	253
Restructuring charges[3]	181	8
Non-GAAP operating income	$ 8,562	$ 11,415
Non-GAAP operating margin	30.2 %	33.1 %
Non-GAAP Net Income		
GAAP reported net income	$ 6,998	$ 10,088
Certain items associated with acquisitions[1]	45	51
Acquisition integration and deal costs	6	16
Impairment of goodwill	41	—
Legal settlement[2]	—	253
Restructuring charges[3]	181	8
Realized loss (gain), dividends and impairments on strategic investments, net	(66)	4
Unrealized loss (gain) on strategic investments, net	(755)	(296)
Foreign exchange loss (gain) related to purchase of strategic investment	23	—
Loss (gain) on asset sale	(44)	—
Income tax effect related to intra-entity intangible asset transfers[4]	777	145
Resolution of prior years' income tax filings and other tax items[5]	313	(24)
Income tax effect of non-GAAP adjustments[6]	88	56
Non-GAAP net income	$ 7,607	$ 10,301

FOOTNOTES:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.
4. Amount for fiscal 2025 included changes to the income tax provision of $118 million from amortization of intangibles and a $659 million remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in fiscal 2025.
5. Amount for fiscal 2025 included the impact of the recognition of a $403 million valuation allowance against deferred tax assets related to corporate alternative minimum tax credits.
6. Adjustment to provision for income taxes related to non-GAAP adjustments reflected in income before income taxes.

APPLIED MATERIALS

UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP RESULTS

IN MILLIONS, EXCEPT PER SHARE AMOUNTS	FY2025	FY2026
Non-GAAP Earnings Per Diluted Share		
GAAP reported earnings per diluted share	$ 8.66	$ 12.62
Certain items associated with acquisitions	0.05	0.06
Acquisition integration and deal costs	0.01	0.02
Impairment of goodwill	0.05	—
Legal settlement	—	0.32
Restructuring charges	0.19	0.01
Realized loss (gain), dividends and impairments on strategic investments, net	(0.08)	0.13
Unrealized loss (gain) on strategic investments, net	(0.80)	(0.42)
Foreign exchange loss (gain) related to purchase of strategic investment	0.03	—
Loss (gain) on asset sale	(0.04)	—
Income tax effects related to intra-entity intangible asset transfers[1]	0.96	0.18
Resolution of prior years' income tax filings and other tax items[2]	0.39	(0.03)
Non-GAAP earnings per diluted share	$ 9.42	$ 12.89
Weighted average number of diluted shares	808	799

FOOTNOTES:

1. Amount for fiscal 2025 included changes to the income tax provision of $0.14 per diluted share from amortization of intangibles and $0.82 per diluted share from a remeasurement of deferred tax assets resulting from new tax incentive agreements in Singapore in fiscal 2025.
2. Amount for fiscal 2025 included a $0.50 per diluted share impact of the recognition of a valuation allowance against deferred tax assets related to corporate alternative minimum tax credits.

UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP SEGMENT OPERATING RESULTS

IN MILLIONS, EXCEPT PERCENTAGES	FY2025	FY2026
Semiconductor Systems Non-GAAP Gross Profit		
GAAP reported gross profit	$ 11,414	$ 14,350
Certain items associated with acquisitions[1]	27	36
Non-GAAP gross profit	$ 11,441	$ 14,386
Non-GAAP gross margin	53.4 %	55.0 %
AGS Non-GAAP Gross Profit		
GAAP reported gross profit	$ 1,921	$ 2,413
Non-GAAP gross profit	$ 1,921	$ 2,413
Non-GAAP gross margin	33.5 %	35.0 %
Semiconductor Systems Non-GAAP Operating Income		
GAAP reported operating income	$ 6,909	$ 9,277
Certain items associated with acquisitions[1]	45	51
Acquisition integration and deal costs	4	—
Legal settlement[2]	—	253
Non-GAAP operating income	$ 6,958	$ 9,581
Non-GAAP operating margin	32.5 %	36.6 %
AGS Non-GAAP Operating Income		
GAAP reported operating income	$ 1,547	$ 2,039
Acquisition integration and deal costs	2	—
Non-GAAP operating income	$ 1,549	$ 2,039
Non-GAAP operating margin	27.0 %	29.5 %

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.

NOTE:

The reconciliation of GAAP and non-GAAP segment results above does not include certain revenues, costs of products sold and operating expenses that are reported within corporate and other and included in consolidated operating income.

UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP OPERATING EXPENSES

IN MILLIONS	FY2025	FY2026
Non-GAAP Operating Expenses		
GAAP reported operating expenses	$ 5,519	$ 6,132
Certain items associated with acquisitions[1]	(18)	(15)
Acquisition integration and deal costs	(6)	(16)
Impairment of goodwill	(41)	—
Legal settlement[2]	—	(253)
Restructuring charges[3]	(181)	(8)
Non-GAAP operating expenses	$ 5,273	$ 5,840

FOOTNOTE:

1. These items are incremental charges attributable to completed acquisitions, consisting of amortization of purchased intangible assets.
2. Charge of $253 million for settlement with the U.S. Commerce Department Bureau of Industry and Security to resolve a previously disclosed export controls compliance matter.
3. The restructuring charges related to a workforce reduction plan announced in the fourth quarter of fiscal 2025.

UNAUDITED FULL YEAR RECONCILIATION OF GAAP INTEREST EXPENSE AND INTEREST AND OTHER INCOME (EXPENSE), NET TO NON-GAAP OTHER INCOME/EXPENSE (OIE)

IN MILLIONS	FY2025	FY2026
Non-GAAP Other Income/Expense (OIE)		
GAAP reported interest expense and interest and other income (expense), net	$ 982	$ 450
Realized loss (gain), dividends and impairments on strategic investments, net	(66)	4
Unrealized loss (gain) on strategic investments, net	(755)	(296)
Foreign exchange loss (gain) related to purchase of strategic investment	23	—
Loss (gain) on asset sale	(44)	—
Non-GAAP other income/expense (OIE)	$ 140	$ 158

UNAUDITED FULL YEAR RECONCILIATION OF GAAP TO NON-GAAP EFFECTIVE INCOME TAX RATE

IN MILLIONS, EXCEPT PERCENTAGES	FY2025	FY2026
GAAP provision for income taxes *(a)*	$ 2,273	$ 1,449
Income tax effects related to intra-entity intangible asset transfers	(777)	(145)
Resolution of prior years' income tax filings and other tax items	(313)	24
Income tax effect of non-GAAP adjustments	(88)	(56)
Non-GAAP provision for income taxes *(b)*	$ 1,095	$ 1,272
GAAP income before income taxes *(c)*	$ 9,271	$ 11,537
Certain items associated with acquisitions	45	51
Acquisition integration and deal costs	6	16
Impairment of goodwill	41	—
Legal settlement	—	253
Restructuring charges	181	8
Realized loss (gain), dividends and impairments on strategic investments, net	(66)	4
Unrealized loss (gain) on strategic investments, net	(755)	(296)
Foreign exchange loss (gain) related to purchase of strategic investment	23	—
Loss (gain) on asset sale	(44)	—
Non-GAAP income before income taxes *(d)*	$ 8,702	$ 11,573
GAAP effective income tax rate *(a/c)*	24.5%	12.6%
Non-GAAP effective income tax rate *(b/d)*	12.6%	11.0%

UNAUDITED FULL YEAR RECONCILIATION OF NON-GAAP FREE CASH FLOW

IN MILLIONS	FY2017	FY2018	FY2019	FY2020	FY2021
Non-GAAP Free Cash Flows[1]					
Cash provided by operating activities	$ 3,789	$ 3,787	$ 3,247	$ 3,804	$ 5,442
Capital expenditures	(345)	(622)	(441)	(422)	(668)
Non-GAAP free cash flow	$ 3,444	$ 3,165	$ 2,806	$ 3,382	$ 4,774

IN MILLIONS	FY2022	FY2023	FY2024	FY2025	FY2026
Non-GAAP Free Cash Flows[1]					
Cash provided by operating activities	$ 5,399	$ 8,700	$ 8,677	$ 7,958	$ 8,868
Capital expenditures	(787)	(1,106)	(1,190)	(2,260)	(2,672)
Non-GAAP free cash flow	$ 4,612	$ 7,594	$ 7,487	$ 5,698	$ 6,196

FOOTNOTE:

1. Free cash flow is a non-GAAP measure and is defined as net cash provided by operating activities less capital expenditures.

APPLIED MATERIALS

RECONCILIATION INFORMATION FOR BUSINESS OUTLOOK

Non-GAAP outlook for the first quarter of fiscal 2027 (including non-GAAP gross margin, operating margin, operating expenses and EPS) excludes known charges related to completed acquisitions of ~$11 million and includes a net income tax benefit related to intra-entity intangible asset transfers of ~$28 million, but does not reflect any items that are unknown at this time, such as any additional charges related to acquisitions or other non-operational or unusual items, as well as other tax-related items, which we are not able to predict without unreasonable efforts due to their inherent uncertainty.



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